



STAFF REPORT ACTION REQUIRED

12.

Eglinton Square Branch – Lease Renewal

Date:	September 23, 2013
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to obtain Toronto Public Library Board approval for a five-year lease renewal agreement commencing on January 1, 2014 and expiring on December 31, 2018, for the premises occupied by the Eglinton Square Branch referred to as unit 126 at 1 Eglinton Square.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

- 1 approves a lease renewal agreement for unit 126 at 1 Eglinton Square with KS Eglinton Square Inc. for a five-year term to commence on January 1, 2014 and expire on December 31, 2018 with:
 - a. annual base rent as follows:
 - i. from January 1, 2014 to December 31, 2016 - \$21.00 per square foot for an annual base rent of \$99,036 excluding Harmonized Sales Tax (HST);
 - ii. from January 1, 2017 to December 31, 2017 - \$21.50 per square foot for an annual base rent of \$101,394 excluding HST;
 - iii. from January 1, 2018 to December 31, 2018 - \$22.25 per square foot for an annual base rent of \$104,931 excluding HST;
 - b. common area maintenance to be fixed at \$20.59 excluding HST for the first two years of the term, and capped at a maximum increase of 5% for each of the remaining three years of the term; and
- 2 authorizes and directs staff to take the necessary action to give effect thereto.

FINANCIAL IMPACT

Under the terms of the proposed lease renewal agreement for 4,716 square feet of unit 126 at 1 Eglinton Square, the annual base rent will be \$99,036, excluding HST, for the first three years, which represents no change over the current rate, which has been in effect for the past two years. In years four and five, the annual base rent increases by an additional \$2,358 and \$3,537 respectively, excluding HST. The annual common area cost of \$97,102, will not be increased from the current rate and will remain fixed for the first two years of the lease for an annual gross lease cost of \$196,138. Common area cost increases in the final three years of the lease will be capped at a maximum of 5% per year.

The proposed lease renewal will add no new costs in the first two years of the term.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

BACKGROUND

Since January 1965, the Eglinton Square Branch Library has occupied rental space on Eglinton Avenue in Scarborough. The existing lease, with a total lease cost of \$196,138 per annum comprised of a base rent of \$21.00 per square foot and common area maintenance and utilities of \$20.59 per square foot, will expire on December 31, 2013.

COMMENTS

Eglinton Square Branch is located in the Eglinton Square Shopping Centre in Ward 35 at 1 Eglinton Square. The size of the present facility is 4,716 square feet or 439 square meters, which falls short of the current standard for neighbourhood branches.

Eglinton Square Branch had 220,158 visits in 2012 and ranked 10 out of 79 neighbourhood branches. The branch provides neighbourhood level services with a focus on programs for children and seniors. The branch catchment population is 13,391 with a higher proportion of youth aged 0-4 and 5-14 than the city as a whole.

City Council has directed that, where feasible, Library branches should be located on City-owned property. City of Toronto Facilities and Real Estate staff reviewed the Eglinton Square Branch catchment area with Library staff to determine if there were any City-owned property available, or city projects in the planning stage, or alternative privately-owned property. City staff also reviewed planned developments and redevelopments within the area and assessed current market rates for similar leased spaces. City staff were not able to identify any suitable property, owned by the City, which could serve as an acceptable alternate library site.

The Library will continue to monitor development that is expected in the area, as a result of the implementation of the Eglinton Crosstown transit project. The expected completion of that project is 2020.

With regards to the proposed lease renewal, City staff has advised that the proposed annual base rent represents fair market rent.

Library Branch leases require Library Board approval.

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SIGNATURE

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